

VILLAGE OF MORRICE
SHIAWASSEE COUNTY
FINANCIAL STATEMENTS

FEBRUARY 29, 2008

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	VILLAGE OF MORRICE	County	SHIAWASSEE	Type	VILLAGE	MuniCode	78-3-030
Opinion Date-Use Calendar	Jun 1, 2008	Audit Submitted-Use Calendar	Aug 13, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 316,773.00
General Fund Expenditure:	\$ 307,461.00
Major Fund Deficit Amount:	(\$ 5,507.00)

General Fund Balance:	\$ 18,037.00
Governmental Activities Long-Term Debt (see instructions):	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	LORI	Last Name	CHANT	Ten Digit License Number	1101020651				
CPA Street Address	217 N WASHINGTON	City	OWOSSO	State	MI	Zip Code	48867	Telephone	+1 (989) 723-8227
CPA Firm Name	DEMIS & WENZLICK, P.C.	Unit's Street Address	401 N MAIN STREET	City	MORRICE	LU Zip	48857		

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VILLAGE OF MORRICE
LIST OF COUNCIL MEMBERS
FEBRUARY 29, 2008

VILLAGE COUNCIL

Bob Dickerson	President
Robert Gentner	Council Person
Robert Knowlton	Council Person
Nina Jennings	Council Person
Don Rundell	Council Person
Mark Schneider	Council Person
Joe Williams	Council Person

ADMINISTRATIVE OFFICERS

Brian Swett	Treasurer
Karen McGuire	Clerk



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

Tracy Bublitz
Vickie Clayton
Carol Demis
Jeannette Gaitskill
Kathy Kimmerer
Erica Marks
Janis Mead
Tammy Pappas
David Pullen
Dean Roach
Vicki Schuler
Joyce Simmons
Barbara Wenzlick
Bruce Wenzlick

INDEPENDENT AUDITOR'S REPORT

Village of Morrice
To the President and Members of the Village Council
Morrice, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Morrice as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Morrice as of February 29, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated June 1, 2008 on our consideration of the Village of Morrice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morrice's basic financial statements. The introductory section and the other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Dennis and Wengert, P.C.

Certified Public Accountants

Owosso, Michigan
June 1, 2008

VILLAGE OF MORRICE MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Village of Morrice's (the Village's) financial performance and position, providing an overview of the activities for the year ended February 29, 2008. This analysis should be read in conjunction with the Independent Auditors Report and with the Village's financial statements, which follow this section. The fiscal year ended February 29, 2008 represents the first year the Village has reported under the provisions of the Governmental Accounting Standards Board (GASB) No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. Therefore, this discussion and analysis does not provide comparisons with previous years.

Financial Reports

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended February 29, 2008:

Our financial status remained stable over the last year. Net assets at February 29, 2008, totaled \$304,088 for governmental activities, \$528,350 for business-type activities and \$6,132 for component unit activities.

Overall revenues were \$796,912 (\$426,191 from governmental activities, \$363,802 from business-type activities and \$6,919 from component unit activities). Governmental activities had a \$24,457 increase in net assets. Business-type activities has a \$77,243 increase in net assets. Component unit activities had a \$4,285 increase in net assets.

Using this Annual Report

This annual report consists of a series of financial statements. The state of net assets and the statement of activities provide information about the activities of the Village of Morrice as a whole and represent a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of provide government services.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Village of Morrice in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

VILLAGE OF MORRICE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Village as a Whole

The following table shows, in a condensed format, the net assets of the Village as of February 29, 2008:

Current Assets	\$ 488,217
Capital Assets	2,348,664
Other Assets	<u>23,060</u>
Total Assets	<u>\$2,859,941</u>
Current Liabilities	\$ 105,423
Non-Current Liabilities	<u>555,000</u>
Total Liabilities	<u>\$ 660,423</u>
Net Assets	<u>\$2,199,518</u>

The following table shows the change in net assets for the year ended February 29, 2008:

Program Revenues	
Charges for Services	\$ 305,155
General Revenues	
State Shared Revenues	162,605
Tax Collections	170,754
Property Tax/Special Assessments	15,259
Donations	14,128
Amortization	47,140
Interest Revenues	21,274
Other General Revenues	<u>53,678</u>
Total Revenues	<u>\$ 789,993</u>
Program Expenses	
General Government	\$ 186,425
Public Safety	90,755
Public Works	19,861
Streets	68,992
Homecoming	14,624
Senior Center	54,722
Sewer	166,333
Transfer Station	<u>86,581</u>
Total Expenses	<u>\$ 688,293</u>
Change in Net Assets	<u>\$ 101,700</u>

VILLAGE OF MORRICE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Village as a Whole

The following table shows, in a condensed format, the net assets of the discretely presented Component Unit of the Village as of February 29, 2008:

Current Assets	\$ <u>6,132</u>
Total Assets	\$ <u>6,132</u>
Total Liabilities	\$ <u>0</u>
Net Assets	\$ <u>6,132</u>

The following table shows the change in net assets for the discretely presented Component Unit of the Village for the year ended February 29, 2008:

General Revenues	
Tax Collections	\$ 6,542
Interest Revenues	117
Other General Revenues	<u>260</u>
Total Revenues	\$ <u>6,919</u>
Program Expenses	
General Government	\$ <u>2,634</u>
Total Expenses	\$ <u>2,634</u>
Change in Net Assets	\$ <u>4,285</u>

VILLAGE OF MORRICE MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The Village's governmental revenues totaled \$789,993 with the greatest revenue sources being charges for services, states shared revenues and tax collections, making up approximately 81 percent of total revenues.

The Village incurred expenses of \$688,293 during the year. The majority of the expenses are associated with the general government and public safety functions.

The Village's Funds

The analysis of the Village's governmental funds begins on page 10 following the government-wide financial statements. The fund financial statements provide detailed information about all the general government funds. The analysis of the Enterprise funds are presented separately. Village of Morrice Council has the ability to create funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages and special assessments.

The General Fund pays for the majority of the Village's governmental services.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Village Council made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover the expected decrease in state shared revenue.

Capital Assets

At the end of the fiscal year, the Village had approximately \$4,328,274 (valued at historical cost) in assets which include building, land, furniture, equipment, office equipment, software and sewer system. Accumulated depreciation recorded for the general township assets was \$1,979,610.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack.

Contacting the Townships's Management

This financial report is intended to provide the citizens, taxpayers, customers and investors with a general overview of the Village's finances and demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional information, we encourage you to contact a Village official at the Village Hall at (517)625-4170.

VILLAGE OF MORRICE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-Type</u>		<u>Component</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
ASSETS				
Cash & Cash Equivalents	\$ 123,267	\$ 237,118	\$ 360,385	\$ 5,328
Receivables	23,545	52,559	76,104	804
Prepays	15,264	0	15,264	0
Dues from Other Funds	36,464	0	36,464	0
Other Assets	0	23,060	23,060	0
Capital Assets (Net)	<u>160,098</u>	<u>2,188,566</u>	<u>2,348,664</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 358,638</u>	<u>\$2,501,303</u>	<u>\$2,859,941</u>	<u>\$ 6,132</u>
LIABILITIES				
Accounts Payable	\$ 28,495	\$ 3,266	\$ 31,761	\$ 0
Accrued & Other Liabilities	0	11,945	11,945	0
Due to Other Funds	26,055	5,662	31,717	0
Noncurrent Liabilities:				
Due within one year	0	30,000	30,000	0
Due in more than one year	<u>0</u>	<u>555,000</u>	<u>555,000</u>	<u>0</u>
TOTAL LIABILITIES	<u>\$ 54,550</u>	<u>\$ 605,873</u>	<u>\$ 660,423</u>	<u>\$ 0</u>
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	\$ 160,098	\$1,603,566	\$1,763,664	\$ 0
Reserved for Restricted Assets	0	113,927	113,927	0
Unreserved:				
Unreserved	<u>143,990</u>	<u>177,937</u>	<u>321,927</u>	<u>6,132</u>
TOTAL NET ASSETS	<u>\$ 304,088</u>	<u>\$1,895,430</u>	<u>\$2,199,518</u>	<u>\$ 6,132</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Gov't Activities	Business Type Activities	Totals	Component Unit
FUNCTIONS/PROGRAMS						
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$186,425	\$ 13,268	\$(173,157)	\$	\$ (173,157)	\$ (2,634)
Public Safety	90,755		(90,755)		(90,755)	
Public Works	19,861		(19,861)		(19,861)	
Streets	68,992		(68,992)		(68,992)	
Homecoming	<u>14,624</u>	<u> </u>	<u>(14,624)</u>	<u> </u>	<u>(14,624)</u>	<u> </u>
TOTAL GOVERNMENT ACTIVITIES	<u>\$380,657</u>	<u>\$ 13,268</u>	<u>\$(367,389)</u>	<u>\$ </u>	<u>\$ (367,389)</u>	<u>\$ (2,634)</u>
Business-Type Activities:						
Senior Center	\$ 54,722	\$ 13,208	\$	\$ (41,514)	\$ (41,514)	\$
Sewer	166,333	166,655		322	322	
Transfer Station	<u>86,581</u>	<u>112,024</u>	<u> </u>	<u>25,443</u>	<u>25,433</u>	<u> </u>
TOTAL BUSINESS- TYPE ACTIVITIES	<u>\$307,636</u>	<u>\$291,887</u>	<u>\$ </u>	<u>\$ (15,749)</u>	<u>\$ (15,749)</u>	<u>\$ </u>
TOTAL PRIMARY GOVERNMENT	<u>\$688,293</u>	<u>\$305,155</u>	<u>\$(367,389)</u>	<u>\$ (15,749)</u>	<u>\$ (383,138)</u>	<u>\$ (2,634)</u>
General Revenues:						
Property Taxes			\$ 170,754	\$	\$ 170,754	\$ 6,542
Special Assessments			15,259		15,259	
State Shared Revenue			162,605		162,605	
Donations			14,128		14,128	
Unrestricted Investment Earnings			13,901	7,373	21,274	117
Licenses & Permits			1,559		1,559	
Amortization				47,140	47,140	
Miscellaneous Other Revenue			34,717	17,402	52,119	260
Transfers – Net			<u>(21,077)</u>	<u>21,077</u>	<u> </u>	<u> </u>
TOTAL GENERAL REVENUES & TRANSFERS			<u>\$ 391,846</u>	<u>\$ 92,992</u>	<u>\$ 484,838</u>	<u>\$ 6,919</u>
Change in Net Assets			\$ 24,457	\$ 77,243	\$ 101,700	\$ 4,285
Net Assets – Beginning			<u>279,631</u>	<u>451,107</u>	<u>730,738</u>	<u>1,847</u>
NET ASSETS – ENDING			<u>\$ 304,088</u>	<u>\$ 528,350</u>	<u>\$ 832,438</u>	<u>\$ 6,132</u>

See accompanying notes to financial statements

VILLAGE OF MORRICE
BALANCE SHEET
GOVERNMENTAL FUNDS
FEBRUARY 29, 2008

	<u>General</u>	<u>Major Street</u>	<u>Non-Major Gov't Funds</u>	<u>Total Gov't Funds</u>
ASSETS				
Cash & Cash Equivalents	\$29,167	\$51,835	\$42,265	\$123,267
Receivables	17,635	4,512	1,398	23,545
Prepays	15,264	0	0	15,264
Due from Other Funds	10,464	0	26,000	36,464
TOTAL ASSETS	<u>\$72,530</u>	<u>\$56,347</u>	<u>\$69,663</u>	<u>\$198,540</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$28,495	\$	\$	\$ 28,495
Due to Other Funds	26,000		55	26,055
TOTAL LIABILITIES	<u>\$54,495</u>	<u>\$</u>	<u>\$ 55</u>	<u>\$ 54,550</u>
FUND BALANCE				
Unreserved Other Undesignated	<u>\$18,035</u>	<u>\$56,347</u>	<u>\$69,608</u>	<u>\$143,990</u>
TOTAL FUND BALANCE	<u>\$18,035</u>	<u>\$56,347</u>	<u>\$69,608</u>	<u>\$143,990</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$72,530</u>	<u>\$56,347</u>	<u>\$69,663</u>	<u>\$198,540</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 143,990
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Total Net Assets Reported for Governmental Activities in the Statement
of Net Assets is different because:

Deferred Special Assessments

Capital Assets used in Governmental Activities are not Financial Resources
and are not reported in the funds

The Cost of Capital Assets	\$ 902,002	
Accumulated Depreciation	<u>(741,904)</u>	
Capital Assets, Net		<u>160,098</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 304,088</u>
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See accompanying notes to financial statements.

VILLAGE OF MORRICE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 29, 2008

	<u>General</u>	<u>Major Street</u>	<u>Non-Major Government Funds</u>	<u>Total Government Funds</u>
REVENUES				
Taxes	\$170,754	\$	\$ 15,259	\$186,013
Administration & Cable Fees	13,268			13,268
Licenses & Permits	1,559			1,559
State Shared Revenues/ Highway Funds	88,453	56,918	17,234	162,605
Donations			14,128	14,128
Fines & Fees	6,351			6,351
Police Training Donations	2,727			2,727
Bookkeeping	21,259			21,259
Interest & Dividends	10,240	2,057	1,604	13,901
Other Revenue	<u>2,162</u>	<u>1,418</u>	<u>800</u>	<u>4,380</u>
TOTAL REVENUES	<u>\$316,773</u>	<u>\$ 60,393</u>	<u>\$ 49,025</u>	<u>\$426,191</u>
EXPENDITURES				
DDA	\$ 77	\$	\$	\$ 77
Council	11,493			11,493
Audit	4,700			4,700
Clerk	18,618			18,618
Treasurer	3,683			3,683
Halls	46,815			46,815
Attorney	12,482			12,482
Employee Fringes	10,160			10,160
Police	90,755			90,755
Sidewalks	28,750			28,750
Drains	1,861			1,861
Street Lights	12,812			12,812
Engineering	6,392			6,392
Zoning	1,880			1,880
Library	3,014			3,014
Payroll Taxes	34,108			34,108
DPW	19,861			19,861
Streets		36,397	27,921	64,318
Homecoming			14,624	14,624
TOTAL EXPENDITURES	<u>\$307,461</u>	<u>\$ 36,397</u>	<u>\$ 42,545</u>	<u>\$386,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>\$ 9,312</u>	<u>\$ 23,996</u>	<u>\$ 6,480</u>	<u>\$ 39,788</u>

VILLAGE OF MORRICE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 29, 2008

	<u>General</u>	<u>Major Street</u>	<u>Non-Major Government Funds</u>	<u>Total Government Funds</u>
OTHER FINANCING SOURCES (USES):				
Transfers In – Other Funds	\$ 10,000	\$	\$ 16,682	\$ 26,682
Transfers Out – Other Funds	<u>(35,759)</u>	<u>(12,000)</u>	<u> </u>	<u>(47,759)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (25,759)</u>	<u>\$ (12,000)</u>	<u>\$ 16,682</u>	<u>\$ (21,077)</u>
Net Change in Fund Balance	\$ (16,447)	\$ 11,996	\$ 23,162	\$ 18,711
Fund Balance – Beginning	<u>\$ 34,484</u>	<u>\$ 44,351</u>	<u>\$ 46,446</u>	<u>\$125,281</u>
FUND BALANCE – ENDING	<u>\$ 18,037</u>	<u>\$ 56,347</u>	<u>\$ 69,608</u>	<u>\$143,992</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2008

Net Change in Fund Balances – Total Governmental Funds	\$18,711
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Total Change in Net Assets Reported for Governmental Activities
in the Statement of Activities is different because:

Governmental Funds report capital outlay as expenditures.
However, in the statement of activities the cost of those assets
are allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation Expense	\$(28,527)	
Capital Outlay	<u>34,273</u>	<u>5,746</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$24,457</u>
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See accompanying notes to financial statements.

VILLAGE OF MORRICE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 29, 2008

	Business-Type Activities <u>Enterprise Funds</u>			Internal <u>Service Funds</u>	
	<u>Senior Center</u>	<u>Sewer</u>	<u>Transfer Station</u>	<u>Total</u>	<u>Motor Pool</u>
ASSETS					
Current Assets:					
Cash & Cash Equiv.	\$ 1,765	\$ 117,318	\$ 27,168	\$ 146,251	\$ 56,937
Receivables		45,729	6,830	52,559	
TOTAL CURRENT ASSETS	<u>\$ 1,765</u>	<u>\$ 163,047</u>	<u>\$ 33,998</u>	<u>\$ 198,810</u>	<u>\$ 56,937</u>
Capital Assets	\$	\$3,426,272	\$	\$3,426,272	\$
Less: Accum. Deprec.		(1,237,706)		(1,237,706)	
NET PROPERTY, PLANT & EQUIPMENT	<u>\$</u>	<u>\$2,188,566</u>	<u>\$</u>	<u>\$2,188,566</u>	<u>\$</u>
Restricted Assets					
Cash & Cash Equiv.	\$	90,867		90,867	
Restricted Assets					
Unamortized Bond Disc. & Financing Costs	\$	23,060		23,060	
TOTAL ASSETS	<u>\$ 1,765</u>	<u>\$2,465,540</u>	<u>\$ 33,998</u>	<u>\$2,501,303</u>	<u>\$ 56,937</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 2,685	\$	\$ 581	\$ 3,266	\$
Due to Other Funds	4,587	1,028	47	5,662	4,747
Current Portion of Non- Current Liabilities		30,000		30,000	
Accrued Interest Payable		11,945		11,945	
TOTAL CURRENT LIAB.	<u>\$ 7,272</u>	<u>\$ 42,973</u>	<u>\$ 628</u>	<u>\$ 50,873</u>	<u>\$ 4,747</u>
Non-Current Liabilities					
Bonds, Notes & Loans Payable	\$	\$ 555,000	\$	\$ 555,000	
TOTAL LIABILITIES	<u>\$ 7,272</u>	<u>\$ 597,973</u>	<u>\$ 628</u>	<u>\$ 605,873</u>	<u>\$ 4,747</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$	\$1,603,566	\$	\$1,603,566	\$
Reserved for Restricted Assets		113,927		113,927	
Other Unrestricted	(5,507)	150,074	33,370	177,937	52,190
TOTAL NET ASSETS	<u>\$ (5,507)</u>	<u>\$1,867,567</u>	<u>\$ 33,370</u>	<u>\$1,895,430</u>	<u>\$ 52,190</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 29, 2008

		Business-Type Activities Enterprise Funds			Internal Service Funds
	Senior Center	Sewer	Transfer Station	Total	Motor Pool
OPERATING REVENUES:					
Charges for Services	\$ 13,208	\$ 162,655	\$112,024	\$ 287,887	\$ 34,300
Connection & Tap Charges		4,000		4,000	
Other Income	<u>7,102</u>	<u>9,019</u>	<u>1,281</u>	<u>17,402</u>	
TOTAL OPERATING REV.	<u>\$ 20,310</u>	<u>\$ 175,674</u>	<u>\$113,305</u>	<u>\$ 309,289</u>	<u>\$ 34,300</u>
OPERATING EXPENSE:					
Salaries & Benefits	\$ 33,151	\$ 30,049	\$ 18,291	\$ 81,491	\$ 3,764
Contracted Services		4,972	57,194	62,166	3,410
Supplies/Rentals		1,629	3,636	5,265	328
Other Services & Charges	18,364	21,070	6,338	45,772	7,486
Repairs & Maintenance	3,207	13,074	1,122	17,403	745
Depreciation/Amortization		58,564		58,564	
	<u>\$ 54,722</u>	<u>\$ 129,358</u>	<u>\$ 86,581</u>	<u>\$ 270,661</u>	<u>\$ 15,733</u>
OPERATING INCOME (LOSS)	<u>\$(34,412)</u>	<u>\$ 46,316</u>	<u>\$ 26,724</u>	<u>\$ 38,628</u>	<u>\$ 18,567</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest & Amortization	\$ 165	\$ 53,400	\$ 948	\$ 54,513	\$ 1,250
Interest & Expense		(36,975)		(36,975)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>\$ 165</u>	<u>\$ 16,425</u>	<u>\$ 948</u>	<u>\$ 17,538</u>	<u>\$ 1,250</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>\$(34,247)</u>	<u>\$ 62,741</u>	<u>\$ 27,672</u>	<u>\$ 56,166</u>	<u>\$ 19,817</u>
Transfers In-Other Funds	\$ 31,077	\$	\$	\$ 31,077	\$
Transfers Out-Other Funds			(10,000)	(10,000)	
	<u>\$ 31,077</u>	<u>\$</u>	<u>\$ (10,000)</u>	<u>\$ 21,077</u>	<u>\$</u>
Changes in Net Assets	\$ (3,170)	\$ 62,741	\$ 17,672	\$ 77,243	\$ 19,817
Net Assets – Beginning of Year	<u>(2,337)</u>	<u>437,746</u>	<u>15,698</u>	<u>451,107</u>	<u>32,373</u>
NET ASSETS – END OF YEAR	<u>\$ (5,507)</u>	<u>\$ 500,487</u>	<u>\$ 33,370</u>	<u>\$ 528,350</u>	<u>\$ 52,190</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 29, 2008

	Business-Type Activities Enterprise Funds				Internal Service Funds
	Senior Center	Sewer	Transfer Station	Total	Motor Pool
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipt from Customer	\$ 13,208	\$ 192,275	\$ 105,194	\$ 310,677	\$ 34,300
Payments to Suppliers	(22,481)	(43,495)	(72,050)	(138,026)	(7,774)
Payments to Employees	(33,151)	(30,049)	(18,291)	(81,491)	(3,764)
Transfers	31,077		(10,000)	21,077	
Other Receipts (Payments)	<u>7,102</u>	<u>9,019</u>	<u>1,281</u>	<u>17,402</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (4,245)</u>	<u>\$ 127,750</u>	<u>\$ 6,134</u>	<u>\$ 129,639</u>	<u>\$ 22,762</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:					
Purchase of Equipment	\$	\$ (8,800)	\$	\$ (8,800)	\$
Retirement of Debt		(30,000)		(30,000)	
Interest & Fiscal Changes Paid		<u>(36,975)</u>		<u>(36,975)</u>	
NET CASH USED FOR CAPITAL & RELATED FINANCING ACTIVITIES	<u>\$</u>	<u>\$ (75,775)</u>	<u>\$</u>	<u>\$ (75,775)</u>	<u>\$</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Revenue	<u>\$ 165</u>	<u>\$ 6,260</u>	<u>\$ 948</u>	<u>\$ 7,373</u>	<u>\$ 1,250</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIV.	<u>\$ (4,080)</u>	<u>\$ 58,235</u>	<u>\$ 7,082</u>	<u>\$ 61,237</u>	<u>\$ 24,012</u>
CASH & CASH EQUIVALENTS BEGINNING OF YEAR					
	<u>\$ 5,845</u>	<u>\$ 149,950</u>	<u>\$ 20,086</u>	<u>\$ 175,881</u>	<u>\$ 32,925</u>
CASH & CASH EQUIVALENTS END OF YEAR					
	<u>\$ 1,765</u>	<u>\$ 208,185</u>	<u>\$ 27,168</u>	<u>\$ 237,118</u>	<u>\$ 56,937</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 29, 2008

	Business-Type Activities				Internal
	<u>Enterprise Funds</u>				<u>Service Funds</u>
	<u>Senior</u>	<u>Sewer</u>	<u>Transfer</u>	<u>Total</u>	<u>Motor</u>
	<u>Center</u>		<u>Station</u>		<u>Pool</u>
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED BY					
OPERATING ACTIVITIES:					
Operating Income (Loss)	\$(34,412)	\$ 46,316	\$ 26,724	\$ 38,628	\$ 18,567
Adjustments to Reconcile					
Operating Income to Net Cash					
Provided by Operating Activities:					
Transfers	31,077		(10,000)	21,077	
Depreciation		56,468		56,468	
Amortization		2,097		2,097	
Change in Assets & Liabilities:					
Receivables/Prepays		25,620	(6,830)	18,790	
Accounts Payable	910	(2,181)	(3,760)	(5,031)	4,195
Accrued Interest Payable		(570)		(570)	
NET CASH PROVIDED BY					
OPERATING ACTIVITIES	<u>\$ (2,425)</u>	<u>\$127,750</u>	<u>\$ 6,134</u>	<u>\$131,459</u>	<u>\$ 22,762</u>

See accompanying notes to financial statements.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Morrice conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies used by the Village.

COMPONENT UNITS

The accompanying financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Village to finance any deficits that may occur or receipt of significant subsidies from the Village. Component units that do not meet the criteria for blending are reported discretely.

Component units that are reported in the Village's Government-Wide Financial statements are shown in the following table:

<u>Discretely Reported Component Units</u>	<u>Brief Description of Activities Relationship to the Village</u>
Downtown Development Authority	Used for the planning of improvements in the downtown district. Financing for DDA Operations was provided by taxes. Village Council members serve as trustees.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED) .
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, or privilege provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter excluded from the governmental-wide financial statements. Major individual governmental funds and the major enterprise funds are reported in separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net asset are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED)

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund – Major Street Fund is used to receive all Major Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Major Street.

The government reports the following major proprietary funds:

Sewer Fund – To account for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Transfer Station Fund – The Transfer Station Fund is used to account for revenues and expenses of the trash drop off side in Morrice.

Senior Center Fund – The Senior Center Fund is used to account for the revenues and expenses associated with operating the local senior drop in center.

In addition, the government reports the following non-major governmental funds:

Municipal Street Fund – The Municipal Street Fund is used to account for taxes segregated for street oriented operations.

Local Street Fund – Local Street Fund is used to receive all Local Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Local Street.

Homecoming Fund – The Homecoming Fund is used to account for donations and to segregate monies set aside to finance the Annual Homecoming Festival and fireworks show.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED)

Additionally, the government reports the following fund types:

Internal Service Funds – The Internal Service Fund accounts for the financing of goods or services by one department or agency to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicant for goods, services, or privileges provided (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds, related to charges to customers for sewage disposal charges. The Sewer Fund also recognizes tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. Connection fees intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sewage disposal, operations and maintenance, general and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reporting as non-operating revenue and expenses.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Investments – The Village has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other fund" activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets – Certain revenue bonds of the Enterprise Funds require amounts to be set aside for bond reserve. These amounts have been classified as restricted investments.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Village began recording governmental infrastructure constructed on or after July 1, 2003 as followed by GASB 34.

Property, Plant and Equipment is depreciated using the straight line method over the following useful lives.

Land Improvements	10 to 20 years
Building and Building Improvements	25 to 40 years
Utility Systems	25 to 40 years
Roads	20 years
Other Infrastructure	20 to 40 years
Vehicles	5 to 10 years
Machinery and Equipment	5 to 10 years

Long-term obligation – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

COMPARATIVE DATA

Comparative data is not included in the Village's main financial statements. It is included in the Other Supplemental Information section.

BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Village to obtain taxpayer comments.
3. Prior to March 1, the budget is legally enacted through passage of an ordinance.
4. The clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise and Internal Service Funds and the discretely presented component unit.
6. Budgets for the general, special revenue, capital projects funds and the discretely presented component unit are adopted on a basis consistent with generally accepted accounting principles (GAAP).

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Property taxes attach an enforceable lien on property by the county. Taxes are levied on June 30, and payable on October 20. The Village bills and collects property taxes through Perry Township. Property tax revenues are recognized when levied to the extent that they result in current receivables. The Village is permitted by the Municipal Finance Law of the State to levy taxes up to 15 mills total. The Village Council has allocated 11.1622 mills for governmental services and 1.000 mills for the Municipal Street Fund.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts or other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – it utilized in the government fund types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There are no significant encumbrances at year end.

COMPENSATED ABSENCES

No liability is accrued at February 29, 2008 as it is less than one year's liability.

NOTE B – FUND BALANCE DEFICIT

The Senior Center Fund shows a deficit of \$2,337. All expenses of the Senior Center paid by the General Fund are accrued at year end.

NOTE C – SANITARY SEWER FUND OBLIGATIONS

Discounts on bonds issued and financing costs are being amortized over the period bonds are outstanding on a straight-line basis.

Village Ordinance requires certain fund requirements for the Sewer Fund. Due to the length of these requirements, they are not all listed in these financial statements; however, at February 29, 2008 all fund requirements have been fulfilled.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE C – SANITARY SEWER FUND OBLIGATIONS (CONTINUED)

On September 10, 1996, the Village of Morrice refinanced existing bonds payable and generated additional funding for the operation of its Sanitary Sewer System. These bonds mature on November 1, of each year and are payable with interest from 3.80% to 5.75% per annum.

The maturities of the bonds are as follows:

<u>Year End November 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 30,000	\$ 35,835	\$ 65,835
2009	30,000	34,095	64,095
2010	35,000	32,325	67,325
2011	35,000	30,225	65,225
2012	40,000	28,090	68,090
2013-2017	235,000	96,448	336,448
2018-2020	<u>180,000</u>	<u>27,940</u>	<u>202,940</u>
Total	\$585,000	\$284,958	\$869,958

NOTE D – DEPOSITS

Michigan Compiled Laws, Section 129.91 authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency of instrumentality of the United States. United States government or federal agency obligations; repurchase agreements, bankers acceptance of United States Banks, commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Village's deposits and investment policy are in accordance with statutory authority.

At year end the carrying amount of the Village's deposits with financial institutions was \$417,321 and the bank balance was \$427,691. Of the bank balance \$190,867 was covered by federal depository insurance and \$226,454 was uninsured and uncollateralized.

The DDA's deposits at February 29, 2008 was \$5,328 of which \$5,328 was insured.

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE E – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the funds have been shown on an activity level basis. The approved budgets of the Village for these funds were adopted to the activity level.

<u>Primary Government Fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Halls	\$ 41,640	\$ 46,815	\$ 5,175
Payroll Taxes	23,100	34,108	11,008
DPW	11,392	19,861	8,469
<u>Component Unit</u>			
DDA	1,900	2,634	734

NOTE F – RECEIVABLES

Receivables as of year end for the government's individual major and non-major funds are as follows:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>	<u>Transfer Station</u>	<u>Sewer</u>	<u>Total</u>
Accts. Rec. – Billings	\$ 1,081	\$	\$	\$	\$6,830	\$45,729	\$53,640
State Shared Revenue	15,589	4,512	1,366				21,467
Personal Delinquents	965			32			997
GROSS RECEIVABLES	<u>\$17,635</u>	<u>\$4,512</u>	<u>\$1,366</u>	<u>\$ 32</u>	<u>\$6,830</u>	<u>\$45,729</u>	<u>\$76,104</u>
Due within one year	<u>\$17,635</u>	<u>\$4,512</u>	<u>\$1,366</u>	<u>\$ 32</u>	<u>\$6,830</u>	<u>\$45,729</u>	<u>\$76,104</u>

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE G – CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	<u>Balance</u> <u>2-28-07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>2-29-08</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being Depreciated:				
Land	\$ 10,918	\$ 5,523	\$	\$ 16,441
Capital Assets being Depreciated:				
Buildings	607,883			607,883
Equipment (Office, DPW)	138,099			138,099
Infrastructure	48,721			48,721
Motor Pool Equipment	62,108			62,108
Sidewalk Project	<u> </u>	<u>28,750</u>	<u> </u>	<u>28,750</u>
CAPITAL ASSETS BEING DEPRECIATED	<u>\$856,811</u>	<u>\$ 28,750</u>	<u>\$</u>	<u>\$885,561</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings	\$563,830	\$ 4,974	\$	\$568,804
Equipment (Office, DPW)	82,349	17,241		99,590
Infrastructure	11,685	4,674		16,359
Motor Pool Equipment	55,513	1,319		56,832
Sidewalk Project	<u> </u>	<u>319</u>	<u> </u>	<u>319</u>
ACCUMULATED DEPRECIATION	<u>\$713,377</u>	<u>\$ 28,527</u>	<u>\$</u>	<u>\$741,904</u>
Net Capital Assets being Depreciated	<u>143,434</u>	<u>223</u>	<u> </u>	<u>143,657</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$154,352</u>	<u>\$ 5,746</u>	<u>\$</u>	<u>\$160,098</u>

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE G – CAPITAL ASSETS (CONTINUED)

	Balance <u>2-28-07</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>2-29-08</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets not being Depreciated:				
Land	\$ 537,245	\$ _____	\$ _____	\$ 537,245
CAPITAL ASSETS BEING DEPRECIATED:				
Sewer Project	\$2,853,469	\$ 8,800	\$ _____	\$2,862,269
Other Fixed Assets	<u>26,758</u>	<u> </u>	<u> </u>	<u>26,758</u>
CAPITAL ASSETS BEING DEPRECIATED	<u>\$2,880,227</u>	<u>\$ 8,800</u>	<u>\$ _____</u>	<u>\$2,889,027</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Sewer Project	\$1,167,194	\$ 55,803	\$ _____	\$1,222,997
Other Fixed Assets	<u>14,044</u>	<u>665</u>	<u> </u>	<u>14,709</u>
ACCUMULATED DEPREC.	<u>\$1,181,238</u>	<u>\$ 56,468</u>	<u>\$ _____</u>	<u>\$1,237,706</u>
Net Capital Assets being Depreciated	<u>1,698,989</u>	<u>(47,668)</u>	<u> </u>	<u>1,651,321</u>
BUSINESS TYPE CAPITAL ASSETS, NET	<u>\$2,236,234</u>	<u>\$(47,668)</u>	<u>\$ _____</u>	<u>\$2,188,566</u>
Government Activities:				
General Government		\$ 5,523		
Infrastructure		<u>28,750</u>		
TOTAL GOVERNMENT ACTIVITIES		<u>\$ 34,273</u>		
Business-Type Activities:				
Sewer		<u>\$ 8,800</u>		
TOTAL BUSINESS-TYPE ACTIVITIES		<u>\$ 8,800</u>		

VILLAGE OF MORRICE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2008

NOTE H – INTER-FUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Fund</u>	<u>Due to Other Funds</u>
General	\$10,464	General	\$26,000
Municipal Street	26,000	Local Street	55
		Transfer Station	47
		Senior Center	4,587
		Motor Vehicle Pool	4,747
		Sewer	1,028

NOTE I – INTERFUND OPERATING TRANSFERS

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	\$10,000	\$35,759
Senior Center	31,077	
Local Street	12,000	
Homecoming Festival	4,682	
Major Street		12,000
Transfer Station		10,000
	<u>\$57,759</u>	<u>\$57,759</u>

NOTE J – DEFERRED COMPENSATION PLAN

On October 17, 2000, the Village established a deferred compensation package under IRS Code Section 457. The plan permits voluntary contributions to the plan. The Village matches contributions to a maximum of 6% of compensation. The Village contribution was \$3,070 during the year ended February 29, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MORRICE
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED FEBRUARY 29,2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u> <u>(Over) Under</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Admin. & Cable Fees	\$	\$ 13,020	\$ 13,268	\$ (248)
Reimbursements		4,626		4,626
Taxes	181,000	181,000	170,754	10,246
Licenses & Permits	750	750	1,559	(809)
State Grants/Shared Revenues	88,000	88,000	88,453	(453)
Charges for Services	100	100		100
Fines & Fees	3,000	4,200	6,351	(2,151)
Interest & Dividend	1,400	8,000	10,240	(2,240)
Police Training & Donations	1,100	1,700	2,727	(1,027)
Bookkeeping	7,000	10,020	21,259	(11,239)
Miscellaneous	7,000	7,000	2,162	4,838
Homecoming Donations	6,000			
TOTAL REVENUES	<u>\$ 295,350</u>	<u>\$ 318,416</u>	<u>\$ 316,773</u>	<u>\$ 1,643</u>
EXPENDITURES:				
DDA	\$ 500	\$ 500	\$ 77	\$ 423
Council	13,000	12,000	11,493	507
Contingency		10,000		10,000
Audit	7,500	7,500	4,700	2,800
Clerk	17,000	20,500	18,618	1,882
Treasurer	4,200	4,120	3,683	437
Elections	500	500		500
Halls	47,100	41,640	46,815	(5,175)
Attorney	8,000	14,000	12,482	1,518
Employee Fringes	21,750	11,124	10,160	964
Police	99,495	94,390	90,755	3,641
Sidewalks	3,500	40,750	28,750	12,000
Drains	3,500	2,040	1,861	179
Streetlights	12,000	13,500	12,812	688
Engineering	8,000	7,000	6,392	608
Zoning	2,300	1,900	1,880	20
Recreation	500	500		500
Library	2,900	3,254	3,014	240
Payroll Taxes	21,100	23,100	34,108	(11,008)
DPW	12,400	11,392	19,861	(8,469)
Homecoming	1,300			
TOTAL EXPENDITURES	<u>\$ 286,545</u>	<u>\$ 319,716</u>	<u>\$ 307,461</u>	<u>\$ 12,255</u>

VILLAGE OF MORRICE
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED FEBRUARY 29,2008

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ <u>8,805</u>	\$ <u>(1,300)</u>	\$ <u>9,312</u>	\$ <u>10,612</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out – Other Funds	\$ (24,240)	\$ (34,700)	\$ (35,754)	\$ (1,059)
Transfers In – Other Funds	<u> </u>	<u>36,000</u>	<u>10,000</u>	<u>26,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u> </u>	\$ <u>(1,300)</u>	\$ <u>(25,759)</u>	\$ <u>(27,059)</u>
Net Change in Fund Balance	\$ <u>(15,435)</u>	\$ <u>0</u>	\$ (16,447)	\$ <u>(16,447)</u>
Fund Balance – Beginning			<u>34,484</u>	
FUND BALANCE – ENDING			\$ <u>18,037</u>	

VILLAGE OF MORRICE
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED FEBRUARY 29, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual (Over) Under Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue Sharing	\$ 58,000	\$ 57,016	\$ 56,918	\$ 98
Other Income	1,500	1,500	1,418	82
Interest	<u>1,500</u>	<u>1,500</u>	<u>2,057</u>	<u>(557)</u>
TOTAL REVENUES	<u>\$ 61,000</u>	<u>\$ 60,016</u>	<u>\$ 60,393</u>	<u>\$ (377)</u>
EXPENDITURES:				
Street Expenses	<u>\$ 47,000</u>	<u>\$ 48,016</u>	<u>\$ 36,397</u>	<u>\$ 11,619</u>
TOTAL EXPENDITURES	<u>\$ 47,000</u>	<u>\$ 48,016</u>	<u>\$ 36,397</u>	<u>\$ 11,619</u>
EXCESS (DEFIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 14,000</u>	<u>\$ 12,000</u>	<u>\$ 23,996</u>	<u>\$ (11,996)</u>
OTHER FINANCING (USES):				
Transfers Out – Other Funds	<u>\$(14,000)</u>	<u>\$(12,000)</u>	<u>\$(12,000)</u>	<u>\$ 0</u>
TOTAL OTHER FINANCING (USES)	<u>\$(14,000)</u>	<u>\$(12,000)</u>	<u>\$(12,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	\$ 11,996	<u>\$ 11,996</u>
Fund Balance – Beginning			<u>44,351</u>	
FUND BALANCE – ENDING			<u>\$ 56,347</u>	

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	\$ 29,167	\$ 60,359
Accounts Receivable	1,081	5,618
Due from Other Funds	10,464	7,080
Delinquent Property Taxes Receivable	965	443
Cable TV Royalty Receivable		2,000
State Revenue Sharing Receivable	15,589	
Prepaid Insurance	<u>15,264</u>	
	<u>\$ 72,530</u>	<u>\$ 75,500</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 28,495	\$ 10,378
Due to Other Funds	<u>26,000</u>	<u>30,638</u>
	\$ 54,495	\$ 41,016
 Fund Balance	 <u>18,038</u>	 <u>34,484</u>
	<u>\$ 72,530</u>	<u>\$ 75,500</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended		Actual	
	<u>Budget</u>	<u>Actual</u>	(Over) Under	<u>Actual</u>
	<u>Budget</u>		<u>Budget</u>	
REVENUES:				
Current Property Taxes	\$181,000	\$170,754	\$ 10,246	\$165,687
State Shared Revenues	88,000	88,453	(453)	89,404
Cable Franchise Fees	3,000	3,429	(429)	2,000
License & Permits	200	1,559	(1,359)	4,859
Police Training, Liquor Con.	2,250	2,727	(477)	1,077
Fines & Vehicle Inspections	4,200	6,351	(2,151)	3,375
Interest & Dividends	8,000	10,240	(2,240)	1,828
Admin. Fee & Bookkeeping	20,140	31,098	(10,958)	
Sale of Assets		542	(542)	
Misc. Other Income	11,626	1,620	10,006	26,745
Homecoming Celebration				
Donations				<u>12,826</u>
TOTAL REVENUES	<u>\$318,416</u>	<u>\$316,773</u>	<u>\$ 1,643</u>	<u>\$307,801</u>
EXPENDITURES:				
Village Council:				
Salaries	\$ 12,000	\$ 10,235	\$ 1,765	\$ 9,200
Professional Services		1,258	(1,258)	1,129
Other				<u>380</u>
TOTAL VILLAGE COUNCIL	<u>\$ 12,000</u>	<u>\$ 11,493</u>	<u>\$ 507</u>	<u>\$ 10,709</u>
Elections:				
Salaries	\$ 500	\$	\$ 500	\$ 160
Supplies/Other				
TOTAL ELECTIONS	<u>\$ 500</u>	<u>\$</u>	<u>\$ 500</u>	<u>\$ 160</u>
Clerk:				
Salaries	\$ 15,500	\$ 14,501	\$ 999	\$ 12,560
Supplies/Other	<u>5,000</u>	<u>4,117</u>	<u>883</u>	<u>3,520</u>
TOTAL CLERK	<u>\$ 20,500</u>	<u>\$ 18,618</u>	<u>\$ 1,882</u>	<u>\$ 16,080</u>
Treasurer:				
Salaries	\$ 4,000	\$ 3,385	\$ 615	\$ 4,331
Supplies/Bank Charges	<u>120</u>	<u>298</u>	<u>(178)</u>	<u>1,407</u>
TOTAL TREASURER	<u>\$ 4,120</u>	<u>\$ 3,683</u>	<u>\$ 437</u>	<u>\$ 5,738</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET (CONTINUED)
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	<u>Amended</u>		<u>Actual</u>	
	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under</u>	<u>Actual</u>
	<u>Budget</u>		<u>Budget</u>	<u>Actual</u>
EXPENDITURES:				
Halls:				
Lease	\$	\$	\$	\$ 2,061
Insurance	26,900	26,875	25	
Supplies		979	(979)	515
Utilities & Telephone	6,740	5,921	819	5,697
Repairs & Maintenance	3,000	2,935	65	1,104
Salaries	5,000	2,916	2,084	4,943
Capital Outlay		<u>7,189</u>	<u>(7,189)</u>	
TOTAL HALLS	\$ 41,640	\$ 46,815	\$ (5,175)	\$ 14,320
Police:				
Salary	\$ 75,996	\$ 75,985	\$ 11	\$ 73,397
Training	1,000	948	52	749
Operating Supplies/Other	4,250	3,605	645	1,899
Telephone	1,850	1,367	483	1,307
Transportation	8,000	6,553	1,447	5,731
Technology	1,950	1,053	897	1,286
Equipment	<u>1,350</u>	<u>1,244</u>	<u>106</u>	<u>1,788</u>
TOTAL POLICE	\$ 94,396	\$ 90,755	\$ 3,641	\$ 86,157
Dept. of Public Works:				
Salaries	\$ 11,492	\$ 8,155	\$ 3,337	\$ 4,839
Rentals	4,000	3,772	228	
Supplies	7,900	7,934	(34)	3,226
Capital Outlay	<u>28,750</u>	<u>28,750</u>		
TOTAL DEPT. OF				
PUBLIC WORKS	\$ 52,142	\$ 48,611	\$ 3,531	\$ 8,065
Library:				
Utilities & Telephone	\$ 2,004	\$ 1,821	\$ 183	\$ 2,324
Supplies & Promotion	<u>1,250</u>	<u>1,193</u>	<u>57</u>	
TOTAL LIBRARY	\$ 3,254	\$ 3,014	\$ 240	\$ 2,324
Zoning:				
Professional Fees	\$ 1,800	\$ 1,880	\$ (80)	\$ 6,409
Printing & Supplies	<u>100</u>		<u>100</u>	
TOTAL ZONING	\$ 1,900	\$ 1,880	\$ 20	\$ 6,409

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET (CONTINUED)
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended		Actual	
	Budget	Actual	(Over) Under	Actual
	Budget	Budget	Budget	Actual
EXPENDITURES:				
General Administrative:				
Drains	\$ 2,040	\$ 1,861	\$ 179	\$ 2,995
Worker's Comp. Ins.				5,556
Insurance				15,046
Payroll Taxes	23,100	34,108	(11,008)	23,247
Pension		3,070	(3,070)	4,787
Payroll – Fringes	11,124	7,090	4,034	26,234
Legal, Acctg., Engineering	28,500	23,574	4,926	33,293
Street Lights	13,500	12,812	688	10,683
Morrice Homecoming				8,144
Miscellaneous & DDA	<u>11,000</u>	<u>77</u>	<u>10,923</u>	<u>1,454</u>
TOTAL GENERAL ADM.	<u>\$ 89,264</u>	<u>\$ 82,592</u>	<u>\$ 6,672</u>	<u>\$131,439</u>
TOTAL EXPENDITURES	<u>\$319,716</u>	<u>\$307,461</u>	<u>\$ 12,255</u>	<u>\$281,401</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ (1,300)	\$ 9,312	\$ 10,612	\$ 26,400
OTHER FINANCING SOURCES:				
Transfers In	\$ 36,000	\$ 10,000	\$ 26,000	\$ 40,460
Transfers Out	<u>(34,700)</u>	<u>(35,759)</u>	<u>1,059</u>	<u>(32,933)</u>
	<u>\$ 1,300</u>	<u>\$ (25,759)</u>	<u>\$ (27,059)</u>	<u>\$ 7,527</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ 0</u>	<u>\$ (16,447)</u>	<u>\$ (16,447)</u>	<u>\$ 33,927</u>
Fund Balance March 1		<u>34,484</u>		<u>557</u>
FUND BALANCE FEBRUARY 29		<u>\$ 18,037</u>		<u>\$ 34,484</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MAJOR STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	\$51,835	\$47,259
Other Receivable	<u>4,512</u>	<u>117</u>
	<u>\$56,347</u>	<u>\$47,376</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$	\$ 3,025
Fund Balance	<u>56,347</u>	<u>44,351</u>
	<u>\$56,347</u>	<u>\$47,376</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended Budget	Actual	Actual (Over) Under Budget	Actual
REVENUES:				
State Shared Revenues	\$ 57,016	\$ 56,918	\$ 98	\$ 62,514
Interest Income	1,500	2,057	(557)	2,025
Assessments & Sales	<u>1,500</u>	<u>1,418</u>	<u>82</u>	<u>1,517</u>
TOTAL REVENUES	\$ 60,016	\$ 60,393	\$ (377)	\$ 66,056
EXPENDITURES:				
Salaries	\$	\$ 13,861	\$	\$ 12,186
Miscellaneous		898		5,034
Operating Supplies		4,730		3,257
Paving & Sidewalks		3,730		
Equipment Rentals		<u>13,178</u>		<u>18,907</u>
TOTAL EXPEND.	<u>\$ 48,016</u>	<u>\$ 36,397</u>	<u>\$ 11,619</u>	<u>\$ 39,384</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ 12,000	\$ 23,996	\$ 11,996	\$ 26,672
OTHER FINANCING (USES):				
Transfers Out	<u>(12,000)</u>	<u>(12,000)</u>	<u>0</u>	<u>(14,000)</u>
EXCESS OF REVENUES & SOURCES OVER (UNDER) EXPENDITURES & OTHER USES				
	<u>\$ 0</u>	\$ 11,996	<u>\$ 11,996</u>	\$ 12,672
Fund Balance March 1		44,351		22,179
Prior Period Adjustment		<u> </u>		<u>9,500</u>
FUND BALANCE FEBRUARY 29		<u>\$ 56,347</u>		<u>\$ 44,351</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
LOCAL STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	\$23,195	\$24,831
Other Receivables	<u>1,366</u>	<u>219</u>
	<u>\$24,561</u>	<u>\$25,050</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$	\$ 2,432
Due to Other Funds	55	159
Fund Balance	<u>24,506</u>	<u>22,459</u>
	<u>\$24,561</u>	<u>\$25,050</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended Budget	Actual	Actual (Over) Under Budget	Actual
REVENUES:				
State Shared Revenues	\$ 16,000	\$ 17,234	\$(1,234)	\$ 17,999
Interest Earned	<u>300</u>	<u>734</u>	<u>(434)</u>	<u>762</u>
TOTAL REVENUES	\$ 16,300	\$ 17,968	\$(1,668)	\$ 18,761
EXPENDITURES:				
Salaries	\$	\$ 10,641	\$	\$ 10,185
Miscellaneous		1,013		2,676
Equipment Rentals		<u>16,268</u>		<u>16,153</u>
TOTAL EXPENDITURES	\$ 30,300	\$ 27,921	\$ 2,379	\$ 29,014
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(14,000)	\$ (9,953)	\$(4,047)	\$(10,253)
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ 14,000	\$ 12,000	\$ 2,000	\$ 14,000
Transfers Out				<u>(460)</u>
	<u>\$ 14,000</u>	<u>\$ 12,000</u>	<u>\$ 2,000</u>	<u>\$ 13,540</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	\$	\$ 2,047	\$ 2,047	\$ 3,287
Fund Balance March 1		22,459		8,152
Prior Period Adjustment				<u>11,020</u>
FUND BALANCE FEBRUARY 29		<u>\$ 24,506</u>		<u>\$22,459</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MUNICIPAL STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	\$13,909	\$26,860
Due from Other Funds	26,000	
Accounts Receivable	<u>32</u>	
	<u>\$39,941</u>	<u>\$26,860</u>

LIABILITIES AND FUND BALANCE

Due to Other Funds	\$	\$ 2,873
Fund Balance	<u>39,941</u>	<u>23,987</u>
	<u>\$39,941</u>	<u>\$26,860</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MUNICIPAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Property Taxes	\$14,000	\$ 15,259	\$ (1,259)	\$ 14,560
Interest Earned	<u>300</u>	<u>695</u>	<u>(395)</u>	<u>831</u>
TOTAL REVENUES	\$14,300	\$ 15,954	\$ (1,654)	\$ 15,391
EXPENDITURES:				
Professional Services	\$	\$	\$	\$
Miscellaneous				
TOTAL EXPEND.	<u>\$14,300</u>	<u>\$</u>	<u>\$ 14,300</u>	<u>\$</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$ 15,954	\$ 15,954	\$ 15,391
OTHER FINANCING USES:				
Transfers Out	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$(40,000)</u>
	\$	\$	\$	\$(40,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$</u>	\$ 15,954	<u>\$</u>	\$(24,609)
Fund Balance March 1		<u>23,987</u>		<u>48,596</u>
FUND BALANCE FEBRUARY 29		<u>\$ 39,941</u>		<u>\$ 23,987</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
HOMECOMING FESTIVAL FUND
BALANCE SHEET
FEBRUARY 29, 2008

ASSETS

2008

Cash in Bank \$ 5,161

LIABILITIES AND RETAINED EARNINGS

Retained Earnings \$ 5,161
\$ 5,161

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
HOMECOMING FESTIVAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEAR ENDED FEBRUARY 29, 2008

		<u>2008</u>	
	<u>Amended Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>
REVENUES:			
Vendor Fees	\$ 800	\$ 800	\$
Donations	14,031	14,128	(97)
Interest	<u>142</u>	<u>175</u>	<u>(33)</u>
TOTAL REVENUES	\$14,973	\$15,103	\$ (130)
EXPENDITURES:			
Fireworks	\$	\$ 7,000	\$
Professional Services		1,200	
Supplies		<u>6,424</u>	
TOTAL EXPENDITURES	<u>\$ 8,558</u>	<u>\$14,624</u>	<u>\$(6,066)</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	\$ 6,415	\$ 479	\$ 5,936
OTHER FINANCING SOURCES:			
Transfers In	<u> </u>	<u>4,682</u>	<u>(4,682)</u>
EXCESS OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER)			
EXPENDITURES	<u>\$ 6,415</u>	\$ 5,161	<u>\$ 1,254</u>
Retained Earnings March 1		<u> </u>	
RETAINED EARNINGS FEBRUARY 29		<u>\$ 5,161</u>	

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
SENIOR CENTER
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 1,765	\$ 5,845
Accounts Receivable		
Due from General		
	<u>\$ 1,765</u>	<u>\$ 5,845</u>

LIABILITIES AND FUND BALANCE

Due to Other Funds	\$ 4,587	\$ 4,048
Accounts Payable	2,685	4,134
Fund Balance	<u>(5,507)</u>	<u>(2,337)</u>
	<u>\$ 1,765</u>	<u>\$ 5,845</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
SENIOR CENTER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended		Actual	
	Budget	Actual	(Over) Under	Actual
	Budget	Budget	Budget	Actual
REVENUES:				
Other Income	\$ 12,320	\$ 7,102	\$ 5,218	\$ 4,302
Rentals	20,000	13,208	6,792	14,635
Interest Income	<u>90</u>	<u>165</u>	<u>(75)</u>	<u>100</u>
TOTAL REVENUES	\$ 32,410	\$ 20,475	\$ 11,935	\$ 19,037
EXPENDITURES:				
Capital Outlay	\$	\$	\$	\$ 508
Repairs & Maint.		3,207		4,434
Telephone & Util.		15,290		17,843
Office Expenses		3,074		3,919
Salaries		<u>33,151</u>		<u>27,718</u>
TOTAL EXPENDITURES	\$ 56,650	\$ 54,722	\$ 1,928	\$ 54,422
EXCESS OF EXPENDITURES OVER REVENUES	\$ (24,240)	\$(34,247)	\$ 10,007	\$(35,385)
OTHER FINANCING USES:				
Transfers In	<u>24,240</u>	<u>31,077</u>	<u>(6,837)</u>	<u>31,500</u>
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES	\$ <u> </u>	\$ (3,170)	\$ <u>(3,170)</u>	\$ (3,885)
Fund Balance March 1		<u>(2,337)</u>		<u>1,548</u>
FUND BALANCE FEBRUARY 29		\$ <u>(5,507)</u>		\$ <u>(2,337)</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
SEWER FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 117,318	\$ 62,771
Accounts Receivable	45,729	40,461
Due from Other Funds	<u>30,638</u>	<u>30,638</u>
	\$ 163,047	\$ 133,870
RESTRICTED ASSETS:		
Cash – Bond Reserve	\$ 90,867	\$ 87,179
LONG-TERM ASSETS:		
Accounts Receivable		250
PROPERTY, PLANT & EQUIPMENT:		
Sewer Project	\$3,426,272	\$3,417,472
Accumulated Depreciation	<u>(1,237,706)</u>	<u>(1,181,238)</u>
	\$2,188,566	\$2,236,234
UNAMORTIZED DISCOUNTS:		
Issuing & Financing Costs	\$ 48,203	\$ 48,203
Accumulated Amortization	<u>(25,143)</u>	<u>(23,046)</u>
	<u>\$ 23,060</u>	<u>\$ 25,157</u>
	<u>\$2,465,540</u>	<u>\$2,482,690</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
SEWER FUND
COMPARATIVE BALANCE SHEET (CONTINUED)
FEBRUARY 29, 2008 AND 2007

LIABILITIES AND FUND EQUITY

	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES:		
Due to Other Funds	\$ 1,028	\$
Accounts Payable		3,209
Accrued Interest Payable	11,945	12,515
Current Portion-Long-Term Debt	<u>30,000</u>	<u>25,000</u>
	\$ 42,973	\$ 40,724
 LONG-TERM LIABILITIES:		
Bonds Payable	\$ 555,000	\$ 590,000
 FUND EQUITY:		
Contribution in Aid of Construction	\$2,357,000	\$2,357,000
Accumulated Amortization	<u>(989,920)</u>	<u>(942,780)</u>
	\$1,367,080	\$1,414,220
 Retained Earnings	<u>500,487</u>	<u>437,746</u>
	<u>\$2,465,540</u>	<u>\$2,482,690</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND RETAINED
EARNINGS COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended		Actual	
	Budget	Actual	(Over) Under	Actual
	Budget	Budget	Budget	Actual
OPERATING REVENUES:				
Charges for Services	\$163,500	\$162,655	\$ 845	\$149,081
Sewer Hook-Ups	4,000	4,000		25
Interest Income	5,000	6,260	(1,260)	5,552
Land Rent & Misc.	<u>5,500</u>	<u>9,019</u>	<u>(3,519)</u>	<u>4,760</u>
	\$178,000	\$181,934	\$ (3,934)	\$159,418
OPERATING EXPENSES:				
Salaries	\$	\$ 30,049	\$	\$ 28,290
Operating Supplies		1,081		4,393
Repairs & Maintenance		13,074		952
Equipment Rental		548		3,147
Contracted Services		4,972		8,250
Utilities & Telephone		4,400		6,058
Audit & Legal		5,950		2,125
Interest Expense		36,975		38,478
Amortization-Expense		2,096		2,096
Insurance		4,658		4,500
Depreciation		56,468		56,468
Engineering				6,658
Miscellaneous		6,062		3,413
Capital Outlay				<u>7,500</u>
TOTAL EXPENSES	\$178,000	\$166,333	\$ 11,667	\$172,328
OPERATING INCOME (LOSS)	\$	\$ 15,601	\$ 15,601	\$ (12,910)
NON-OPERATING REVENUES:				
Amortization of Contribution in Aid of Construction		<u>47,140</u>		<u>47,140</u>
NET INCOME (LOSS)	\$ <u>0</u>	\$ 62,741	\$ <u>15,601</u>	\$ 34,230
Retained Earnings March 1		<u>437,746</u>		<u>403,516</u>
RETAINED EARNINGS FEB. 29		<u>\$500,487</u>		<u>\$437,746</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
TRANSFER STATION FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	\$27,168	\$20,086
Due from Other Funds		
Accounts Receivable	<u>6,830</u>	
	<u>\$33,998</u>	<u>\$20,086</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 581	\$ 4,388
Due to Other Funds	<u>47</u>	
TOTAL LIABILITIES	\$ 628	<u>\$ 4,388</u>
Fund Balance	<u>33,370</u>	<u>15,698</u>
	<u>\$33,998</u>	<u>\$20,086</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
TRANSFER STATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	<u>Amended</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>Budget</u>		<u>(Over) Under</u>	
			<u>Budget</u>	
REVENUES:				
Charges for Services	\$114,800	\$112,024	\$ 2,776	\$ 87,758
Sale of Bags				13,616
Interest Income	500	948	(448)	787
Miscellaneous Income	<u>200</u>	<u>1,281</u>	<u>(1,081)</u>	<u>630</u>
TOTAL REVENUES	\$115,500	\$114,253	\$ 1,247	\$102,791
EXPENDITURES:				
Salaries	\$	\$ 18,291	\$	\$ 35,480
Miscellaneous		4,224		6,095
Supplies		3,636		309
Hauling		57,194		43,873
Utilities & Telephone		2,114		1,556
Repairs		<u>1,122</u>		<u>122</u>
TOTAL EXPEND.	<u>\$105,500</u>	<u>\$ 86,581</u>	<u>\$ 18,919</u>	<u>\$ 87,435</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 10,000	\$ 27,672	\$(17,672)	\$ 15,356
OTHER FINANCING USES:				
Transfers In	\$	\$	\$	\$
Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>		
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$</u>	\$ 17,672	<u>\$(17,672)</u>	\$ 15,356
Fund Balance March 1		<u>15,698</u>		<u>342</u>
FUND BALANCE FEBRUARY 29		<u>\$ 33,370</u>		<u>\$ 15,698</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MOTOR VEHICLE POOL FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash in Bank	<u>\$56,937</u>	<u>\$32,925</u>

LIABILITIES AND FUND BALANCE

Due to Other Funds	\$ 4,747	\$
Accounts Payable	<u>552</u>	<u>552</u>
	\$ 4,747	\$ 552
 Retained Earnings	 <u>52,190</u>	 <u>32,373</u>
	<u>\$56,937</u>	<u>\$32,925</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
MOTOR VEHICLE POOL FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended		Actual	
	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>	<u>Actual</u>
OPERATING REVENUES:				
Equipment Rentals	\$31,200	\$34,300	\$ (3,100)	\$39,626
Interest Income	<u>300</u>	<u>1,250</u>	<u>(950)</u>	<u>637</u>
TOTAL REVENUES	\$31,500	\$35,550	\$ (4,050)	\$40,263
OPERATING EXPENSES:				
Salaries	\$	\$ 3,764	\$	\$ 4,861
Operating Supplies		78		325
Transportation		3,410		3,825
Repair & Maintenance		745		5,089
Equipment		250		7,245
Bookkeeping Fees		739		
Audit				500
Insurance		<u>6,747</u>		<u>2,000</u>
TOTAL EXPENSES	<u>\$31,500</u>	<u>\$15,733</u>	<u>\$ 15,767</u>	<u>\$23,845</u>
NET INCOME (LOSS)	<u>\$ 0</u>	\$19,817	<u>\$ 19,817</u>	\$16,418
Retained Earnings March 1		32,373		36,475
Prior Period Adjustment				<u>(20,520)</u>
RETAINED EARNINGS FEBRUARY 29		<u>\$52,190</u>		<u>\$32,373</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$5,328	\$1,847
Taxes Receivable	<u>804</u>	<u>1,847</u>
	<u>\$6,132</u>	<u>\$1,847</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$6,132</u>	<u>\$1,847</u>
	<u>\$6,132</u>	<u>\$1,847</u>

VILLAGE OF MORRICE
OTHER SUPPLEMENTAL INFORMATION
DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE COMPARED TO BUDGET
YEARS ENDED FEBRUARY 29, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
	Amended <u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Taxes	\$5,700	\$6,542	\$ (842)	\$2,409
Interest Income	50	117	(67)	43
Miscellaneous		260	(260)	300
TOTAL REVENUES	<u>\$5,750</u>	<u>\$6,919</u>	<u>\$(1,169)</u>	<u>\$ 2,752</u>
EXPENDITURES:				
Office Expense	\$	\$1,276	\$	\$ 1,667
Equipment		1,358		
TOTAL EXPENDITURES	<u>\$1,900</u>	<u>\$2,634</u>	<u>\$ (734)</u>	<u>\$ 1,667</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$3,850	\$4,285	\$ (435)	\$ 1,085
OTHER FINANCING SOURCES:				
Transfers In				
EXCESS REVENUES & OTHER SOURCES OVER EXPENDITURES	<u>\$3,850</u>	<u>\$4,285</u>	<u>\$ (435)</u>	<u>\$ 1,085</u>
Fund Balance March 1		<u>1,847</u>		<u>762</u>
FUND BALANCE FEBRUARY 29		<u>\$6,132</u>		<u>\$ 1,847</u>



DEMIS and WENZLICK, P.C.

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Members of the Village Council
Village of Morrice
Morrice, MI 48857

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Village of Morrice for the year ended February 29, 2008.

BUDGET

The Michigan Public Act 621 of 1978, includes compliance requirements in budgeting. Total expenditures cannot exceed total budgeted revenues plus beginning fund balance. Expenditures should be reviewed periodically and the budget amended before incurring any expense which would exceed the budgeted amounts.

CHART OF ACCOUNTS

Act 2, Public Acts of 1968, as amended, requires use of a standard chart of accounts, the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. Many of the new accounts do not have account numbers or do not adhere to the uniform chart of accounts. A copy of the uniform chart of accounts will be provided to the Village if requested.

SENIOR CENTER FUND DEFICIT

P.A. 275 of 1980 prohibits a fund deficit. The Senior Center has incurred a fund deficit this fiscal year that will result in the filing of a deficit elimination plan. We can assist in the preparation if desired. The General Fund may make an operating transfer to cover the deficit.

TRANSFER & LOANS

When amounts are transferred between two funds, the ledger of both funds involved should reflect the transaction. We noted that some interfund transactions were recorded on one ledger and not recorded on the other for a period of time or not at all. We recommend when making an interfund transaction to make certain it is recorded on both ledgers.

DPW SALARIES

Salaries are recorded by department to show the actual expenses incurred by each department. We noted that DPW salaries are currently co-mingled with the department or fund they are assisting. We recommend that all DPW salaries be recorded in one department. Once recorded, amounts for their services may be billed to the various departments they assist.

Salaries, overhead amounts, and bookkeeping should be recorded separately in the Special Revenue Funds. Income in the General Fund should match the expense in the other funds, such as bookkeeping revenue/expense. The revenue in the General Fund should match the expense in the Special revenue Funds. Currently, some of the bookkeeping expense is included with overhead and/or salaries. None of the overhead or salaries revenue could be tied to the fund expense accounts.

APPROVAL OF EXPENSES

Large purchases and capital expenditures should be approved in the minutes. There were several purchases in the Sewer Fund (for pumps and the Flo-Meter) that were not approved by the Board prior to purchase. Also, be sure the discussion and motion are included in the minutes.

We wish to thank the council for the excellent cooperation we received in performing the Village audit. If we can be of any further assistance to the Village on these matters or any future matters, please do not hesitate to contact us.

Sincerely yours,

Dennis and Wengrich, P.C.

Certified Public Accountants